

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6011

BILL NUMBER: HB 1211

NOTE PREPARED: Dec 26, 2012

BILL AMENDED:

SUBJECT: Rate Adjustment Mechanisms.

FIRST AUTHOR: Rep. Pierce

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the Indiana Utility Regulatory Commission (IURC) to review, and revise as necessary, a utility's basic rates and charges no later than two years after the effective date of an approval of a rate adjustment mechanism for an energy utility. It requires the IURC to use the procedures governing a general rate case in conducting the review.

Effective Date: January 1, 2013 (retroactive).

Explanation of State Expenditures: *IURC:* This bill would increase the administrative costs of the IURC. The IURC reports that additional resources would be necessary to implement the provisions of this bill. The additional expenses would be offset by an increase in the Public Utility Fee.

The bill requires the IURC to review an energy utility's basic rates and charges within two years after approving a rate adjustment mechanism. The IURC is required to conduct the review regardless of whether the utility has filed a request to increase their general rates. The current statute requires the IURC to conduct periodic reviews at least once every four years.

Background on IURC Funding: The operating budget of the IURC is funded through the Public Utility Fee paid by the regulated utilities operating in Indiana. The Public Utility Fee is based on a percentage of the gross intrastate operating revenues of a public utility. The fee percentage is derived from the agency's budget, less reversions, divided by the total amount of gross intrastate operating revenue received by the regulated utilities in the previous year. The current rate is approximately 0.12%. The revenue collected through the Public Utility

Fee is deposited in the Public Utility Fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IURC.

Local Agencies Affected:

Information Sources: IURC: Joe Sutherland, (317) 233-4723.

Fiscal Analyst: Heath Holloway, (317) 232-9867.